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**PHILIPPINES: Trying To Hold Firm on Base Negotiations**

Foreign Secretary Manglapus told the press this week that, despite the damage to Clark Airbase from Mt. Pinatubo's eruptions, the Philippine economy had suffered more, and financial compensation for the US military facilities should not be reduced. A spokesman for President Aquino said she remains "firm on duration, firm on compensation."  Senate President Salonga has created a committee to evaluate the impact of the eruptions, charging that Manila's "conflicting, patchwork assessments" have confused the public. 

**Comment:** Manila is trying to regain its leverage with the US before the base talks resume next month. The Philippine Senate is still trying to comprehend the volcano's effect on the negotiations, some antibase legislators are seeking to push their ideological agendas, and others are worrying about the negative impact on the economy if the US leaves. 

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USSR:

## Situation Report

*Central authorities undertook several actions, most notably in Lithuania, that may jeopardize the current truce between President Gorbachev and the reformers as well as prospects for the union treaty negotiations.* [ ]

Increasing Pressure  
on Lithuania

Interior Ministry (MVD) special-purpose forces occupied the Vilnius telephone exchange yesterday, cutting off communications to the republic and—[ ] in conjunction with airborne troops—seized independent television and radio broadcasting stations in Kaunas. According to Vilnius radio, the MVD troops later vacated the exchange, and one Western news service claims Lithuanian television and radio are back on the air. The MVD said publicly that the units acted at the request of the Lithuanian procurator. [ ]

**Comment:** The raids are probably intended to remind the Lithuanians that the center retains the power to sever their communications, although it is unclear whether Gorbachev authorized the attacks or whether the security services acted independently. The raids could provoke republic leaders participating in the union treaty negotiations, including Yel'tsin. [ ]

Congress of People's  
Deputies To Meet

According to the Russian Republic news agency, the Supreme Soviet called for the Congress of People's Deputies to convene on 27 August to discuss only the union treaty. [ ]

**Comment:** Because many Supreme Soviet members oppose the current version of the union treaty, the resolution will further delay the treaty, which Gorbachev and Yel'tsin had hoped to complete by next month. Traditionalists will try to use the August session to challenge Gorbachev's leadership. [ ]

Central Meddling  
in the Media

Earlier this week, head of the All-Union TV and Radio Broadcasting company Kravchenko announced that Gorbachev had appointed a new deputy chairman who would also serve as studio director of Leningrad TV. Kravchenko also said the decision by Leningrad TV and Radio to turn itself into a joint-stock company was illegal. Last week a group of Moscow journalists protested the naming of two traditionalists to top posts at *Izvestiya* and charged that Gorbachev's

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*The Cambodian Supreme National Council's latest round of meetings ended yesterday on a positive note, but major differences remain unresolved,* [ ] [ ]

The factions agreed to send a Sihanouk-led delegation to the next UN General Assembly session. The Khmer Rouge also agreed to Phnom Penh's proposal to establish the Council's headquarters in Phnom Penh on the condition that resistance forces be allowed to provide the security for their delegates in the city and that international representatives, including those for the five permanent members of the UN Security Council, be accredited to the SNC first. Several countries, including Japan and France, have already hinted their willingness to do so, according to press reports. [ ]

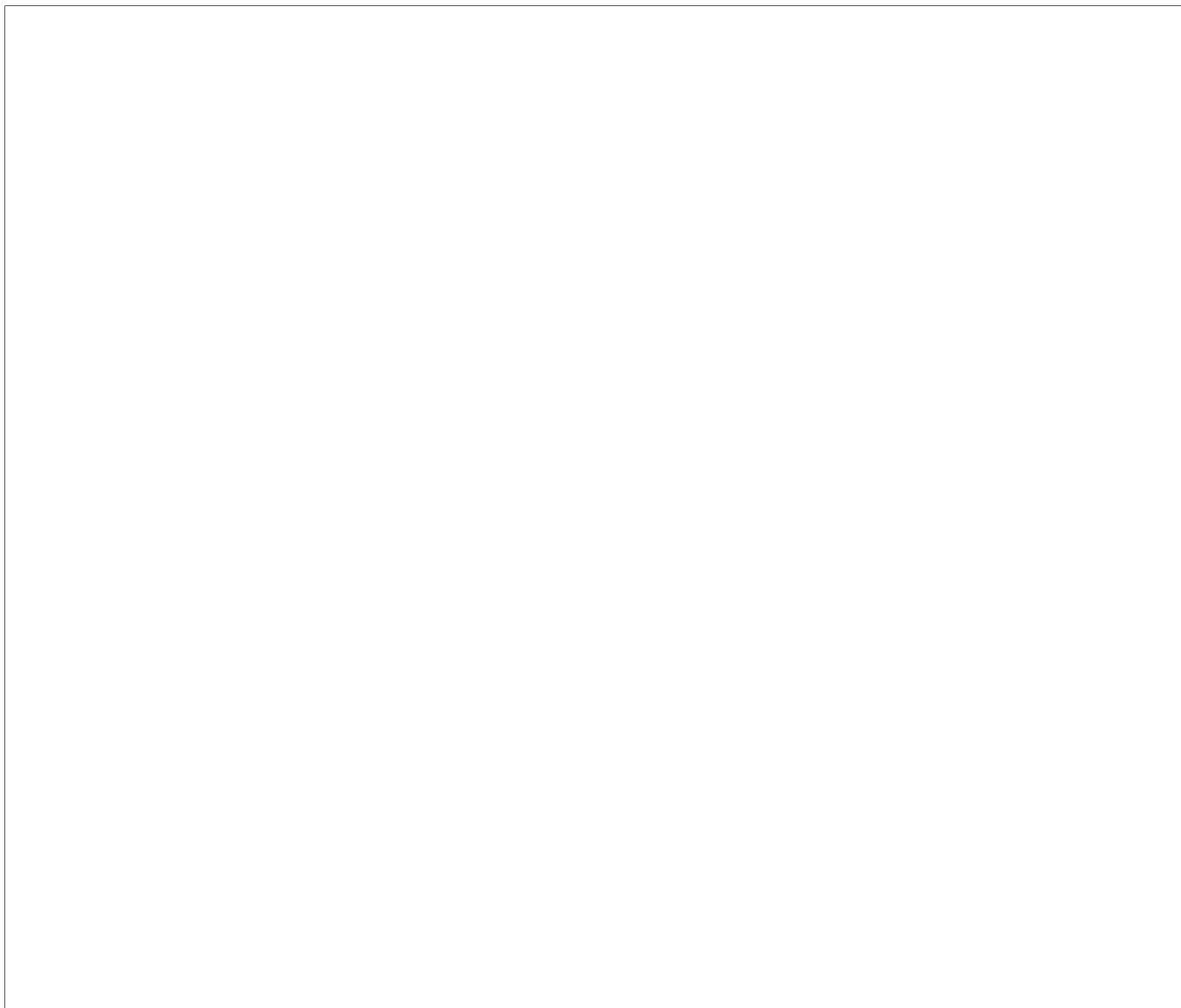
Important issues, including extension of the cease-fire and the end of foreign military assistance to the factions, were left for the next SNC meeting in late August in Bangkok. The factions also did not address contentious aspects of the UN peace plan, such as prohibiting genocide and demobilizing troops following a settlement. [ ]

**Comment:** By organizing and chairing the talks, Sihanouk reestablished himself as a major player in resolving the Cambodian problem. His step-by-step approach may encourage the factions to accept a compromise solution that maintains an important role for the UN; [ ] may be signaling their acceptance of Sihanouk's incremental approach. The Khmer Rouge reportedly still wants Phnom Penh to accept the UN peace plan without change, but its fear of being isolated and left out of Sihanouk's dealings with Prime Minister Hun Sen, as well as Chinese pressure to be flexible, has forced the guerrillas to compromise. [ ]

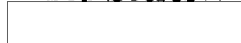
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efforts to muzzle *glasnost* were entering a new phase. Meanwhile, Russian television evening news was delayed for about an hour last night, claiming interference from central television was the cause.

**Comment:** The center is attempting to retain some control over the media, particularly television, but with little success so far.

**Leningrad Name  
Change Advancing**

The Leningrad City Council on Tuesday overwhelmingly endorsed the 12 June voter poll that favored changing the city name back to St. Petersburg. The Council also urged the Russian Congress of People's Deputies, which meets on 10 July, to endorse the change.

**Comment:** The Council's action indicates the proposed change is gathering momentum. There is no established procedure for changing names, and Leningrad's appeal to the Russian legislature is designed to legitimize its action on this highly emotional issue. Yel'tsin and other reformers favor the change, and the Russian legislature is likely to go along.

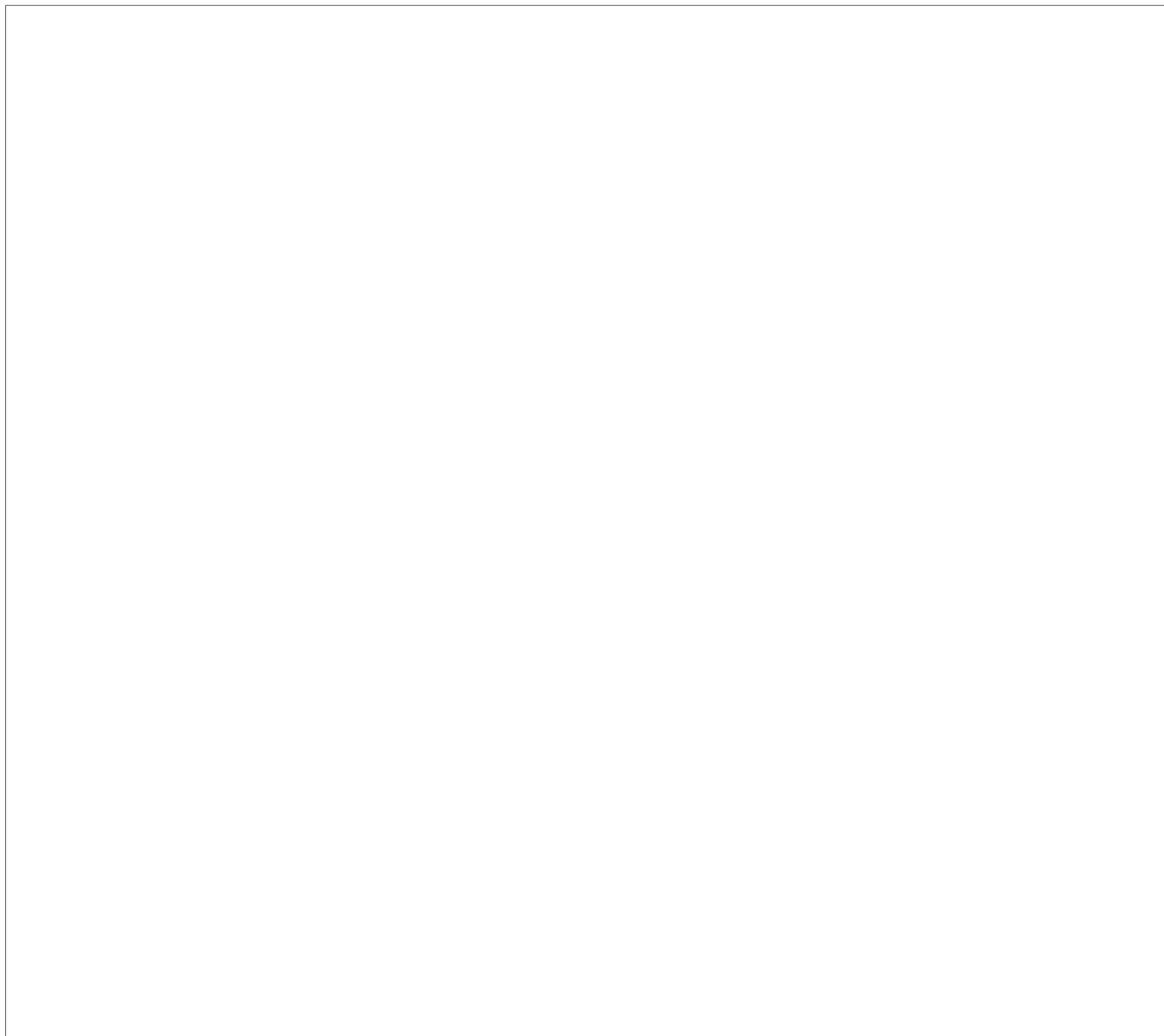
**Dispute Over  
Control of Internal  
Troops**

Soviet media have reported that part of a regiment of USSR Internal Troops is being transferred from Sverdlovsk to the Nagorno-Karabakh region. Russia's Supreme Soviet security committee chairman [ ] said Yel'tsin would discuss the move with Gorbachev and would reiterate that Russian Republic MVD personnel cannot be used to settle interethnic conflicts and that Internal Troops subordinated to the central government must have volunteered for such service.

**Comment:** The MVD unit in Sverdlovsk probably is trained to handle internal disturbances, and its reassignment probably is part of the MVD's current troop rotation. Duty in the Caucasus is unpopular, which has forced the central government—including Gorbachev—to pay lipservice to using volunteers. The center will have to continue the mandatory transfer of conscripts in order to maintain a significant security presence in the region. Yel'tsin's demands, however, are consistent with the nine-plus-one agreement and would have strong backing from other republic leaders.

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Director of Central Intelligence

# NATIONAL INTELLIGENCE DAILY

Thursday, 27 June 1991



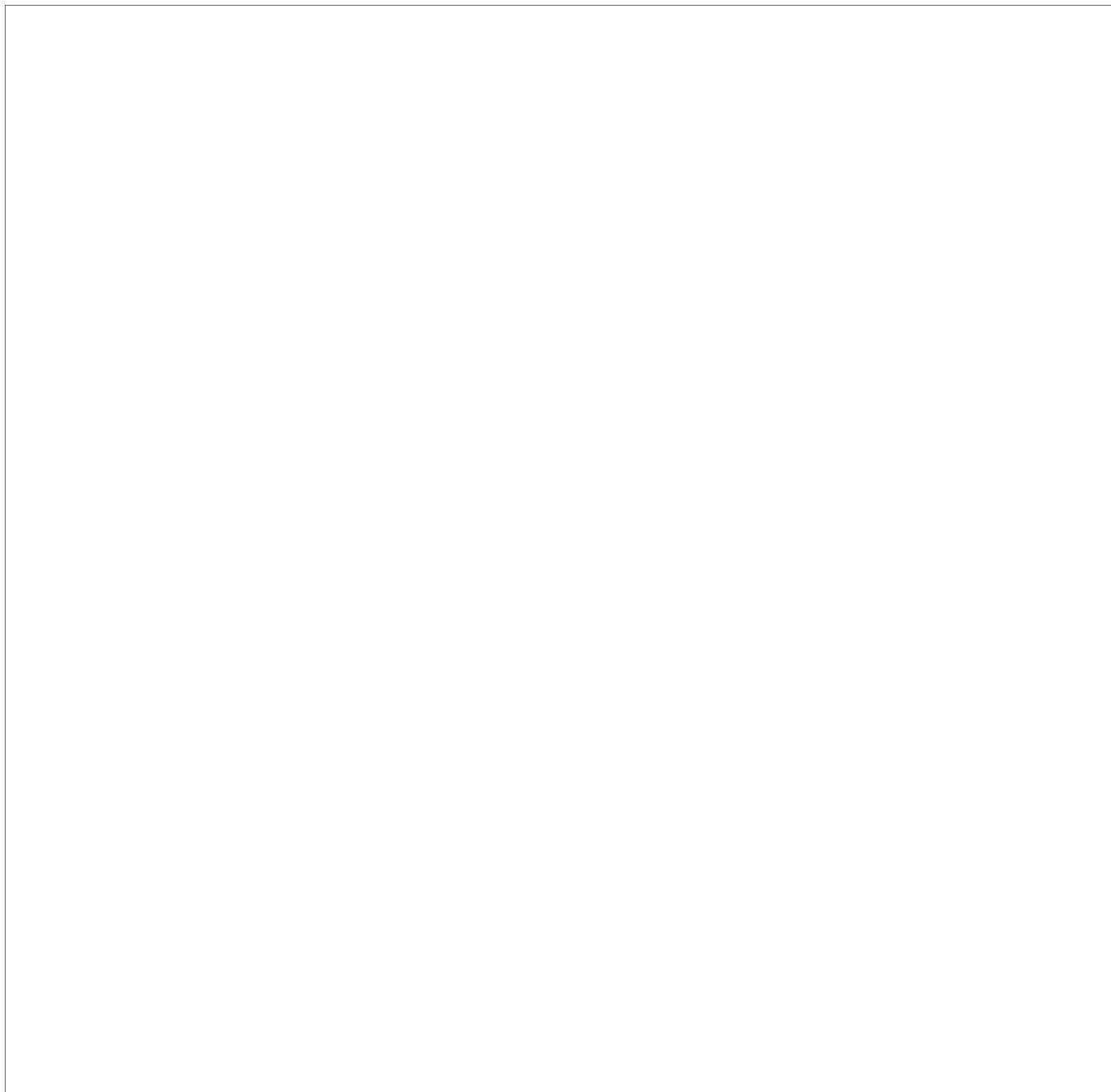
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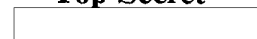
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## Special Analysis

USSR:

### Last Troops Leave Czechoslovakia, Hungary

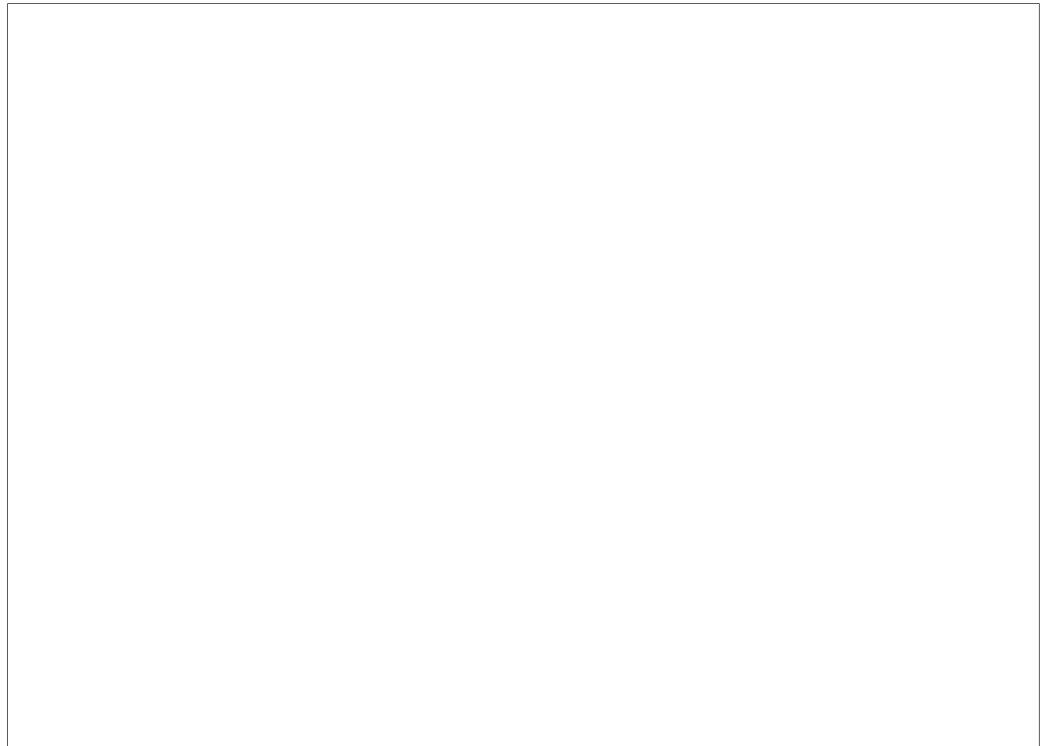
*Moscow has withdrawn its remaining forces from Hungary and Czechoslovakia, but unresolved issues regarding the status of returning troops in the USSR and property and environmental compensation remain.*

The most visible barrier to improved Soviet relations with Hungary and Czechoslovakia was eliminated last week as the remaining Soviet troops left the two countries. The last Soviet military unit left Hungary on 16 June, and the remaining headquarters elements followed three days later. The final transfer of Soviet-held property in Czechoslovakia took place on Tuesday, although the troop withdrawal was completed last Friday.

The Soviet military's failure to use environmental technology and recognized waste management practices leaves Eastern Europe a legacy of **ecological damage**. Former agricultural and park lands where some Soviet bases were located now suffer from erosion, depletion of minerals, and deforestation. In addition, spills of petroleum products and the dumping of sewage and toxic wastes have polluted the soil and groundwater. Munitions and some military hardware reportedly have been haphazardly discarded. While preparing to leave some regions, the Soviets also created waste dumps that they have tried to hide because they cannot pay the cleanup costs.

Moscow initially was reluctant to compensate East European countries for environmental damage, but it recently concluded a draft **financial compensation agreement** with Prague. Under the accord, the Soviets will pay about \$150 million that includes compensation for environmental damage, and Prague will pay some \$50 million

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~~Top Secret~~**INDIA: Prime Minister's Rival Accepts Defense Slot**

Regional Congress Party power broker Sharad Pawar was sworn in as Minister of Defense yesterday; the bulk of Prime Minister Rao's cabinet was named last Friday. The delay in Pawar's appointment shows both his desire to find a suitable successor as Chief Minister for Maharashtra and his ire that so few of his faction's members received cabinet posts. 

**Comment:** The Defense portfolio rewards Pawar for delivering India's third-largest state and industrial capital and assures the party of continued support from the wealthy defense industry there; he has excellent ties to Bombay businesses, and as Minister of Defense he will control large defense contracts. Despite Pawar's protestations to the contrary, he will be a rival to the Prime Minister. He probably will use his influence in Maharashtra, his personal base of support, and ties to like-minded younger Congress Party up-and-comers to extract concessions from Rao and the Gandhi coterie. Pawar holds a number of basic views that run counter to Congress orthodoxy, including preferences for free market economics, limited government, and attention to India's agricultural sector. 

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~~Top Secret~~**YUGOSLAVIA: Situation Report**

*Federal authorities are trying to contest Slovenian control over its borders, while Serb-Croat violence in Croatia threatens to grow.*

**Secession Provokes Confrontations**

Slovenian officials yesterday took control of border crossings to Italy and Austria and mobilized some national guard forces. Federal Prime Minister Markovic's cabinet earlier ordered the defense and interior ministries to assert control over the border and to prevent Slovenian authorities from using new crossing points on the Slovenian-Croatian border. Army units yesterday ordered Slovenian officials to evacuate international border crossings but did not act when the Slovenes refused. Early this morning, Slovenian national guard forces and civilians tried to block an Army tank column and some shooting ensued; one soldier was wounded. The Army now is threatening to use force to take control of border crossings.

Ethnic Serb paramilitary forces from the "Krajina" enclave in Croatia yesterday attacked Croatian police, resulting in at least four deaths, and scattered violence broke out in Slavonia, where there is a large Serb minority. The extensive federal Army forces in the region sent 30 armored vehicles to quell the fighting.

**Comment:** The weak federal government appears to lack a strategy to deal with the crisis; Markovic probably has chosen to challenge control of borders because of their symbolic importance and because military force is the only tool available. The Army still appears to hope it can avoid armed conflict with the Slovenes, but the tense situation in Croatia could erupt and the Army could be compelled to fight.

**Initial European Reaction**

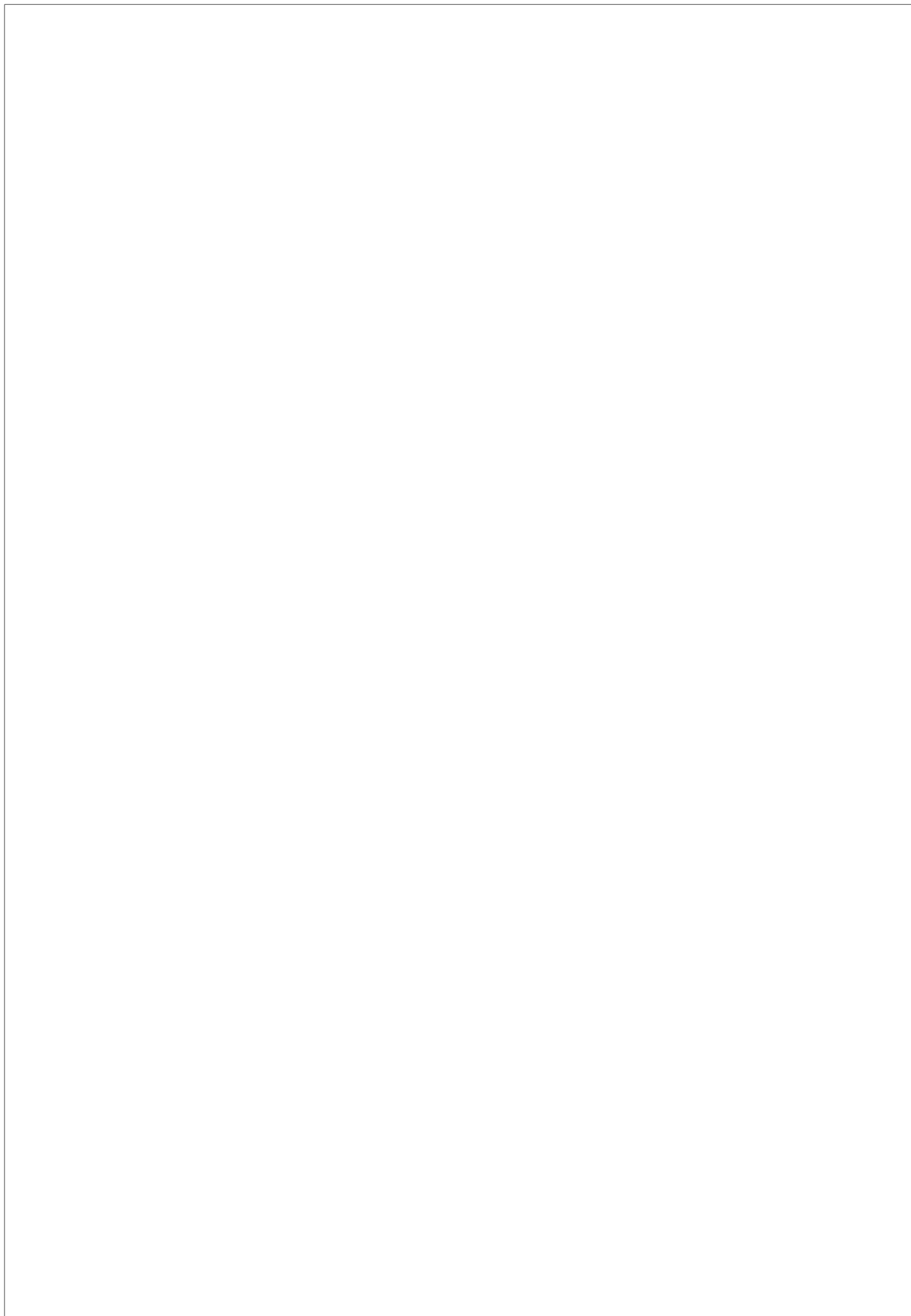
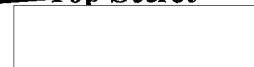
West and East European press reports have expressed considerable sympathy for Croatia and Slovenia and generally have criticized US and EC support for Yugoslav unity, maintaining that it impedes reform and encourages Communist hardliners in Belgrade.

**Comment:** No European country has recognized the independence of Slovenia or Croatia, but popular support for them probably will grow—particularly if Yugoslav federal authorities use force—which will press governments to reconsider their policy.

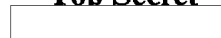
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~~Top Secret~~**PAKISTAN: Sharif Cracking Down in Sindh Province**

Prime Minister Sharif's crackdown on criminals and political opponents in Sindh Province will strengthen his political position in the short term. Police [ ] have arrested more than 1,000 persons since a prominent judge was killed in Karachi last week. The arrests, mostly of opposition Pakistan People's Party members, are being made under emergency ordinances passed last week that give the government sweeping powers, including the formation of "terrorist courts" that can deny bail and conduct closed trials. [ ]

**Comment:** Sharif appears to be using legal restraints to regain control of Sindh without military involvement. Former Prime Minister Benazir Bhutto's inability to restore law and order there without major military intervention contributed to her ouster. Given Sharif's approach to other problems, the crackdown probably is the first step in a comprehensive plan to deal with Sindh's chronic problems.

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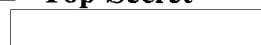
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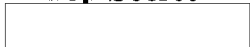


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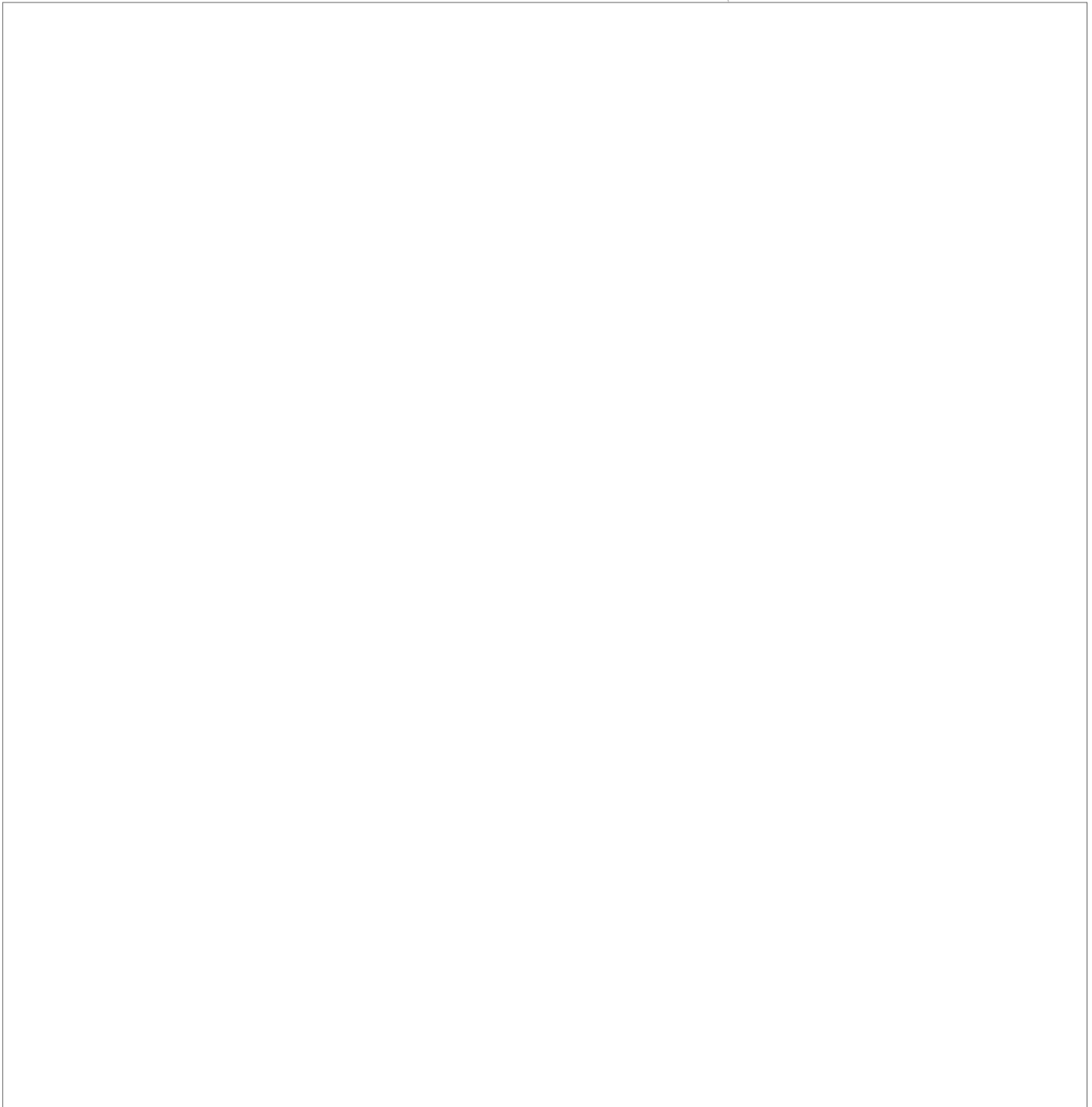


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for vacated Soviet military facilities. In addition, Prague has agreed to ship to the USSR prefabricated housing worth approximately \$25 million that probably will be used for the returning troops.

Negotiations with Budapest over a similar agreement remain contentious. Press reports indicate the Soviets recently doubled their compensation demand to \$1.5 billion for vacated facilities and have offered to pay Hungary only \$30 million in environmental compensation. Moscow and Budapest will be hard pressed to agree on a final protocol by Sunday, the deadline specified in the March 1990 withdrawal agreement.

### **Impact on Relations**

The final withdrawal of Soviet forces has eliminated a key psychological irritant but is not likely to improve significantly Moscow's relations with either country. Negotiations on bilateral friendship treaties remain stalled over Moscow's insistence that Prague and Budapest not join "hostile" military alliances, and Hungarian and Czechoslovak officials continue to distrust the Soviets. The prospects for even a slight rapprochement are likely to be undercut by the celebrations in Prague and Budapest marking the Soviet departure. Moscow has already signaled its disapproval of these festivities.

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## In Brief

### Europe

- Bavarian Minister-President Streibl in US tomorrow, will tout his party's pro-US foreign, security policies . . . may say Bavaria will not press in NATO review to change legal, environmental rules for US forces in **Germany**.
- Polish President Walesa yesterday vetoed revised electoral law as still encouraging small parties . . . hoping to get Solidarity members who backed bill to sustain veto, draft compromise . . . lower house can override by two-thirds vote.

### Middle East

- Kuwaiti Crown Prince yesterday commuted death sentences to life imprisonment for 29 convicted collaborators . . . effort to deflect growing international charges of human rights abuses . . . public may disapprove of leniency.
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### Africa

- Sierra Leonean Army moving against **Liberian** rebels occupying southeast border region since March . . . making progress despite poor communications, lack of equipment, but rainy season likely to hamper operations.

### Asia

- Press reports say **Singapore** supporting **Thai** proposal for ASEAN free trade area . . . Bangkok to submit plan at September ASEAN economic meeting . . . concern about EC-92, North American free trade zone advancing regional cooperation schemes.

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